

With Red Tape
Losing Its Grip,
Firms Ante Up

Spending Is on the Rise
as Confidence Grows

By BINYAMIN APPELBAUM
and JIM TANKERSLEY

WASHINGTON — A wave of optimism has swept over American business leaders, and it is beginning to translate into the sort of investment in new plants, equipment and factory upgrades that bolsters economic growth, spurs job creation — and may finally raise wages significantly.

While business leaders are eager for the tax cuts that take effect this year, the newfound confidence was initially inspired by the Trump administration’s regulatory pullback, not so much because deregulation is saving companies money but because the administration has instilled a faith in business executives that new regulations are not coming.

“It’s an overall sense that you’re not going to face any new regulatory fights,” said Granger MacDonald, a home builder in Kerrville, Tex. “We’re not spending more, which is the main thing. We’re not seeing any savings, but we’re not seeing any increases.”

The applause from top executives has been largely for the administration’s economic policy agenda. Many have been publicly critical of President Trump’s approach to social and cultural issues, including his response to a white nationalist march over the summer in Charlottesville, Va., that turned deadly and his decision to withdraw from the Paris climate accord. Two of the business advisory councils that Mr. Trump assembled in the nascent days of his presidency disbanded after executives grew concerned about his public remarks on the violence in Charlottesville.

There is little historical evidence tying regulation levels to growth. Regulatory proponents say, in fact, that those rules can have positive economic effects in the long run, saving companies from violations that could cost them both financially and reputationally. Cost-benefit analyses generally do not look just at the impact of a regulation on a particular business’s bottom line in the coming months, but at the broader impact on consumers, the environment, public health and other factors that can show up over years or decades.

But in the administration and across the business community, there is a perception that years of increased environmental, financial and other regulatory oversight by the Obama administration dampened investment and job creation — and that Mr. Trump’s more hands-off approach has unleashed the “animal spirits” of companies that had hoarded cash after the recession of 2008.

Some businesses will essentially be able to get away with shortcuts that they could not have under a continuation of Obama-era policies. The coal industry, for instance, will not have to worry about a regulation, overturned by

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AGENCE FRANCE-PRESSE

A woman in a cloud of tear gas at the University of Tehran on Saturday. Demonstrations in Iran entered their fifth day on Monday.

Iran Vows to Snuff Out Largest Protests in Years

By THOMAS ERDBRINK

TEHRAN — Ignoring pleas for calm from President Hassan Rouhani, Iranian protesters took to the streets in several cities for the fifth day on Monday as pent-up economic and political frustrations boiled over in the broadest display of discontent in years.

The Iranian government responded with conciliatory words from Mr. Rouhani, but also a widening security clampdown — and a pledge late Monday to crack

President’s Attempts to
Allay Discontent Are
Eclipsed by Threats

down even harder.

The government will not allow an “insecure situation to continue in Tehran,” Brig. Gen Esmail Kowsari, deputy chief of the main Islamic Revolutionary Guards Corps base in Tehran, told the

semiofficial ISNA news agency. “If this situation continues, the officials will definitely make some decisions and at that point this business will be finished.”

Despite Mr. Rouhani’s diplomatic language, it was clear the demonstrators would be given no leeway.

The deputy interior minister, Hossein Zolfaghari, told the semiofficial Jamaran website, “From tonight the unrest will be controlled more seriously.”

On Monday, a crackdown by the

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Energized Foes
Push to Cripple
Two-State Goal

By DAVID M. HALBFINGER

JERUSALEM — An emboldened Israeli right wing is moving quickly in the new year to make it far more difficult to create a Palestinian state, signaling its intention to doom hopes for a two-state solution to the conflict.

The actions have come on multiple fronts, as Prime Minister Benjamin Netanyahu’s party for the first time has urged the annexation of Jewish settlements in the West Bank, and the nation’s top legal officers pressed to extend Israeli law into occupied territory.

In addition, the Israeli Parliament, after a late-night debate, voted early Tuesday to enact stiff new obstacles to any potential land-for-peace deal involving Jerusalem, while also easing the way to rid the city of several overwhelmingly Palestinian neighborhoods, according to Israeli media reports.

Coming on the heels of President Trump’s recognition of Jerusalem as Israel’s capital in defiance of decades-old United States policy and international consensus, the moves showed that the Israeli right senses a new opening to pursue its goal of a single state from the Jordan River to the Mediterranean.

“We are telling the world that it doesn’t matter what the nations of the world say,” Public Security Minister Gilad Erdan told more than 1,000 members of Likud’s central committee on Sunday. “The time has come to express our biblical right to the land.”

But Palestinians and Israeli

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North Korea
Wooing South
To Repel U.S.

A New Ploy to Drive a
Wedge Between Allies

By CHOE SANG-HUN
and DAVID E. SANGER

SEOUL, South Korea — Beyond a New Year’s declaration by North Korea’s leader, Kim Jong-un, that he would move to the mass-production of nuclear weapons and intercontinental missiles in 2018 lies a canny new strategy to initiate direct talks with South Korea in the hope of driving a wedge into its seven-decade alliance with the United States.

Mr. Kim, perhaps sensing the simmering tension between President Trump and President Moon Jae-in of South Korea, called for an urgent dialogue between the two Koreas before the opening of the Winter Olympics in the South next month.

The strained relationship between the allies has been playing out for months, as Mr. Moon, a liberal, argued for economic and diplomatic openings with the North, even as Mr. Trump has worked hard to squeeze the North with increasingly punishing sanctions. Mr. Moon also angered Mr. Trump and his aides in recent months by suggesting he holds what he called a veto over any American pre-emptive military action against the North’s nuclear program.

Until now Mr. Kim has largely ignored Mr. Moon, whom the North Korean media has portrayed as a spineless lackey of the United States. But the dramatic shift in tone and policy, toward bilateral talks between the two Koreas, suggests that Mr. Kim sees an opportunity to develop and accentuate the split between Mr. Moon and Mr. Trump, betting that the United States will be unable to mount greater pressure on the North if it does not have South Korean acquiescence.

The gambit may work. Hours after Mr. Kim’s speech, Mr. Moon’s office welcomed the North’s proposal, in a way that could further aggravate tensions with the United States.

“We have already expressed our willingness to engage in a dialogue with North Korea at any time, in any place and in any format, as long as both sides can discuss restoring their relations and peace on the Korean Peninsula,” said a presidential spokesman, Park Soo-hyun.

The statement emphasized the roles of the two Koreas in resolving the nuclear crisis. President Trump, in contrast, has pursued a tougher approach, saying there can be no talks without signs that the North is giving up its nuclear and missile testing, and without an understanding that the ultimate goal of any negotiations is a complete, verifiable dismantlement of the North’s

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Disney Deal Fits in a Murdoch Family Fault Line

By BROOKS BARNES
and SYDNEY EMBER

LOS ANGELES — In late summer, Verizon Communications came to Rupert Murdoch with a surprise acquisition offer.

Verizon — locked in battle with AT&T, which was then finalizing its \$85.4 billion takeover of Time Warner — wanted to buy pieces of 21st Century Fox, Mr. Murdoch’s television and film conglomerate. Representatives of the two companies secretly met at least once to discuss a merger.

Mr. Murdoch, 86, shrugged off

Changes for Sons Who
Were on the Cusp of
Taking Over

the talks as uninspiring, according to an associate, who spoke on the condition of anonymity because he wanted to maintain his access to the media titan. Verizon declined to comment, but the overture prompted Mr. Murdoch to start to think seriously — for the first time — about selling his Hol-

lywood treasures.

Not only would a sale solve a business problem, it could solve a family one.

Several months later, Mr. Murdoch agreed to sell much of 21st Century Fox to the Walt Disney Company. The proposed \$52.4 billion deal, which is subject to regulatory approval, has the potential to radically reshape the entertainment world, but it also has many wondering what the future holds for Mr. Murdoch and the two sons who seemed to be on the cusp of taking over his vast media holdings.

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City Ballet Leader Retires Amid Abuse Claims

By ROBIN POGREBIN

After accusations of sexual harassment and physical and verbal abuse, Peter Martins, the powerful leader of New York City Ballet who shaped the company for more than three decades, has decided to retire.

“I have denied, and continue to deny, that I have engaged in any such misconduct,” Mr. Martins, 71, wrote in a letter dated on Monday informing the board of his retirement, which takes effect immediately.

Mr. Martins, who has been on

leave as the company investigates his actions, added, “I cooperated fully in the investigation and understand it will be completed shortly. I believe its findings would have vindicated me.”

Charles W. Scharf, the chairman of City Ballet’s board, issued a statement on Monday thanking Mr. Martins for his contributions, but noted the investigation will continue: “The



Peter Martins

board takes seriously the allegations that have been made against him and we expect the independent investigation of those allegations to be completed soon.”

Board members were told of his decision in a conference call Monday evening, when they also learned that he had been arrested on Thursday and charged with driving while intoxicated in Westchester County, according to a person with knowledge of the meeting who requested anonymity because the discussions were confidential.

Mr. Martins was charged in

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Finding a Future in Fungus

Fungi could play a role in improving laundry detergents and, by extension, reducing energy use. PAGE B1

Health Costs Set U.S. Apart

Americans use health care services about as much as people in other countries, but they pay a lot more. PAGE B1

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Pot Is Now Legal in California

Amid a slow and halting rollout, dispensaries selling marijuana for recreational use opened Monday in a handful of cities, with more to come. PAGE A9

‘Fire Cats’ Are Hardest to Herd

A woman in California tracks house cats that fled the wildfires and tries to reunite them with their owners. PAGE A8

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Renewal Brings Fear of Ouster

In a north London neighborhood undergoing a radical transformation, residents fear gentrification. PAGE A4

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The Web, Celestially Speaking

Amanda Hess, a Gemini, is of two minds about astrology’s online appeal. PAGE C1



A Very Inoffensive ‘Tosca’

The Met’s new staging, with Sonya Yoncheva, above, has high points, but may be pointing the company in the wrong direction, our critic says. PAGE C1

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Teterboro Airport Disquiet

The airport, once a source of pride in the area, has recently fallen out of favor among neighbors who call it dangerous and noisy. PAGE A16

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Old Cures and Stolen Donkeys

A gelatin made from the hide of the animals is prized as a traditional Chinese remedy. Now the braying is being silenced in some African villages. PAGE D1

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David Brooks PAGE A15



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Georgia vs. Alabama for Title

Sony Michel, left, scored in the second overtime to give Georgia a 54-48 victory over Oklahoma. Alabama beat Clemson, 24-6, in the other semifinal. PAGE B5



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